

**Report to the House of Representatives  
Appropriations Subcommittee on Health and Human Services, the  
Senate Appropriations Committee on Health and Human Services,  
and the  
Fiscal Research Division**

**Senate Bill 163**

**Method of Identifying and Tracking  
Children Placed Outside of the Family Unit  
Into Group Homes or Therapeutic  
Foster Care Home Settings**

**April 1, 2003**

## **Table of Contents**

<b>Executive Summary</b>	3
<b>Background</b>	4
<b>Approach</b>	5
<b>Report</b>	
<b>Child Placement</b>	
Child Placement Communication Plan	6
Child Placement Rules Development	7
Child Tracking and Reporting	7
<b>Monitoring of Providers/Facilities</b>	
Facility Oversight Communication Plan	8
Monitoring of Quality of Care and Rules Development	9
Provider/Facility Tracking and Reporting	9
<b>Additional Steering Committee Actions</b>	
Administrative Office of the Courts	10
Department of Public Instruction	10
<b>Technological Support and Associated Costs</b>	12
Child Placement	14
Monitoring Providers/Facilities	15

## **Executive Summary**

Senate Bill 163 was adopted by the General Assembly to support recommendations by the Legislative Research Commission's Study Committee on group homes, licensure and the needs of local school administrative units. The basis of this Act is to insure that children are placed in safe facilities that provide quality care. Performance measures were established to evaluate the facility and to provide sanctions when necessary. It is also the intent of SB 163 to keep children within their home community where possible. When an out of home placement is necessary, this Act recommends that the new community receive proper notification, and, where appropriate, the local education authority provide for a funding transfer to support special educational needs.

The Department of Health and Human Services was charged with the responsibility to make sure that the requirements of SB 163 are coordinated and implemented. To implement the actions set forth by SB 163 an interdepartmental Steering Committee was assembled consisting of representatives from the Department of Health and Human Services, the Department of Juvenile Justice and Delinquency Prevention and the Department of Public Instruction, all of which were mentioned in the legislation. Additionally representatives from the Administrative Office of the Courts were asked to participate. Together this Steering Committee worked with members of the community, families, advocates and providers, to develop a comprehensive understanding of the requirements of SB 163 as well as a coordinated approach to implementation.

The Steering Committee reviewed the legislation, researched its original intent and met with those members involved in its drafting. They compared these findings with current operations and recognized areas where technical corrections should be recommended to further clarify the intent of the Act. Based upon this understanding, the Steering Committee focused upon the development of procedures, policies and rules to support the tracking and monitoring of child placements while establishing improvements in the quality of care; they also studied technology solutions to strengthen the sharing of data.

The most challenging aspect of the enactment of SB 163 was the fact that most sections became law either immediately or within a few months of ratification. Consequently, the Steering Committee considered short term or immediate solutions as well as long term requirements to support the legislation. In most cases these short-term operational changes rely on extensive manual efforts and cannot support, over time, the longer-term goals of this legislation. It is the recommendation of the team that the Legislature support the funding of systems development to ensure the effective implementation of SB 163. The request for funding such technology advancements is estimated at a one-time cost of \$986,000 and a recurring operating cost of \$159,600.

## **Background**

Senate Bill 163 was adopted by the General Assembly in response to community complaints and inquiries regarding the placement of children into group and therapeutic foster care homes.

Specifically these complaints included:

- The number of children placed out of their county of residence. As a result of these placements, some receiving counties were incurring additional and unexpected costs on the public resources such as schools and law enforcement.
- The breakdown of communication and lack of proper notification of placement of children among the various agencies. No formal communication plan was being followed to insure all agencies received timely notification of child placements.
- The quality of care for children from certain providers was substandard and there was no local agency with the authority to conduct monitoring or to intervene regarding the care provided.
- There are a disproportionate number of group homes and foster home providers in certain communities.

Upon receiving these complaints and reviewing the information, the General Assembly found the evidence to be significant enough to warrant the passing of legislation to address the issues. Session Law 2002-164, Senate Bill 163, was ratified on October 3, 2002. Section 1 of the Act became law on January 1, 2003, Sections 2 and 3 become effective July 1, 2003 and the remainder of the Act became effective in October 23, 2002.

## Approach

At the direction of the DHHS Deputy Secretary of Health and Human Services, the Office of Policy and Planning was given the responsibility of leading a multi-departmental effort to implement the provisions of SB163. Consequently, a Steering Committee was formed which included representation from the Department of Health and Human Services, the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction and the Administrative Office of the Courts. This Steering Committee discussed the provisions of the legislation and the importance of community involvement in developing the implementation plan.

Working subcommittees were identified to focus on key aspects of the law. Each subcommittee included multi-departmental membership and, when appropriate, included representation from families, advocates and providers to ensure balanced recommendations and a comprehensive implementation plan. Each subcommittee was asked to report their analysis, concerns and recommendations to the Steering Committee on a regular schedule. To further inform and involve the community, meeting minutes and relevant documentation were posted on the WEB at [www.dhhs.state.nc.us/mhddsas/sb163/](http://www.dhhs.state.nc.us/mhddsas/sb163/).

The goal of the Steering Committee was to ensure comprehensive analysis was being conducted to meet the implementation of SB163 and to provide a report on the methodology of tracking and placement of children.

*The Department of Health and Human Services, in conjunction with the Department of Juvenile Justice and Delinquency Prevention, the Department of Public Instruction, and other affected agencies, shall submit a report on April 1, 2003, on the method of identifying and tracking child placement outside of the family unit in group homes or therapeutic foster care settings to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services and the Fiscal Research Division.*

The approach to determining a method of tracking children focused on two main functional areas: child placements and monitoring of providers/facilities. The following report details these functional areas, provides a summary of the communication plans designed to implement the legislation, the approach to rules development, and short and long-term technology implementation plans.

# Report

## Child Placement

### Child Placement Communication Plan

A County Department of Social Services (DSS), the Mental Health Area Program, and the Department of Juvenile Justice and Delinquency Prevention (DJJDP) can all initiate residential placements for children. Until the passage of SB163 the guidelines for communication between agencies when a child is moved to another county, school system, or mental health or juvenile justice catchment area were not well defined.

The Steering Committee asked the State Collaborative for System of Care to take the lead role in developing a communication plan regarding the placement of children in accordance with SB 163 Section 4.5 (3):

*The communication procedures between the area authority or county program, the local department of social services, the local education authority, and the criminal justice agency, if involved with the individual, regarding the placement of the individual outside the individual's community and the transfer of the individual's records in accordance with the law.*

The State Collaborative for the System of Care asked a subcommittee consisting of the Department of Social Services (DSS), the Local Educational Authority (LEA), Department of Juvenile Justice and Delinquency Prevention (DJJ/DP), Division of Mental Health, Developmental Disabilities, Substance Abuse Services (DMH/DD/SAS), Division Public Health (DPH), and representatives from advocacy groups to develop a communication plan. Together they developed a protocol which ensures:

- There is a clear protocol regarding which agency takes the lead in coordinating placement out of the individual's community.
- There is involvement from the family and all relevant stakeholders.
- School systems are notified of new admissions in a timely manner.
- Mental health systems are aware of DD, MH, and SA newcomers to their catchment area.
- The notification of placement is the responsibility of the sending agencies, which will serve as a trigger to receiving agencies that there may be more information to pursue regarding the child.

The communication protocol developed by the subcommittee addresses the coordination of agencies in the placement of children out of their community. It recommends that the lead-coordinating agency work with the child and family team to determine appropriate service decisions prior to placement of a child. The child and family team will include the parent/legal guardian, involved agencies (LEA including DHHS operated schools, MH/DD/SA authority or county program, County DSS, DJJ/DP) and other relevant stakeholders involved in both sending and receiving children.

The Steering Committee agreed with the recommended communication plan and asked each placing agency to adjust procedures in support of this approach.

#### Child Placement Rules Development

The Department of Health and Human Services will put forth APA rule amendments in order to ensure timely compliance with this mandate. The proposed rules will require child-placing agencies and residential child care facilities, at the time of admission/placement of children who may need mental health treatment services, to report to the Mental Health Area Program or the county program where the services are being provided.

Each agency, division and department involved in the placement of or the provision of service to children has reviewed existing rules and is in the process of drafting changes to reflect the implementation of SB163 and the communication protocol. The drafted changes and rules will be available for public review and comment via a public hearing on May 7, 2003. It is anticipated the temporary rules will be in place on July 1, 2003.

#### Child Placement Tracking and Reporting

The Information Technology/Systems subcommittee reviewed the options available for the development of reports relating to the tracking and reporting of child placements. They found that individual systems exist for various business processes. Both short term and long-term data system solutions were studied, and the associated problems, systems analyses, and cost projection are included in the Technological Support and Associated Cost section of this report.

## Monitoring of Providers/Facilities

### Facility Oversight Communication Plan

The Steering Committee asked the Division of Facility Services to take the lead in developing a communication plan to disseminate information to divisions relating to facilities with violations in order to implement SB 163, Section 4.4 G.S. 122c-115.2.

*The Department shall not enroll any new provider for Medicaid Home of Community Based services or other provider Medicaid services, as defined in 42 C.F.R. 440.180 or issue a license for a new facility of new service to any applicant meeting the following criteria:*

- 1. Was the owner, principal, or affiliate of a licensable facility under Chapter 122C of Chapter 131D that had its license revoked until 60 months after the date of the revocation.*
- 2. Is the owner, principal, or affiliate of a licensable facility that was assessed a penalty for Type A or Type B violation under Article 3 of Chapter 122C until 60 months after the date of violation.*
- 3. Is the owner, principal, or affiliate of a licensable facility that had its license summarily suspended or downgraded to provisional status as a result of violations under G.S. 122C-24.1(a) until 60 months after the date of reinstatement of restoration.*
- 4. Is the owner, principal, or affiliate of a licensable facility that had its license summarily suspended or downgraded to provisional status as a result of violations under Article 1A of Chapter 131D until 60 months after the date of reinstatement or restoration of the license.*

Since the enactment of SB163, the Department of Health and Human Services has been sharing a list of providers that are subject to the provisions of Section 4 of Senate Bill 163. Each division reviews the list prior to issuing a license for a new facility or enrolling for an additional Medicaid service to ensure compliance with Senate Bill 163. The following procedures are followed by Divisions to ensure regulations of SB 163 are being enacted.

Upon a request for licensure, the Division of Facility Services reviews the listing of provider and owners who have been restricted based upon the regulations set forth with SB163. If a name matches, the application is denied. (Since the enactment of SB 163, DFS has denied two applications for licensure.)

The Children's Services Section of the Division of Social Services receives the licensure/Medicaid enrollment restriction lists from DFS and DMA and distributes the lists electronically to licensing staff on a monthly basis. When persons who meet the ownership definitions in SB 163 apply for licensure as a family foster home, residential child care facility or child-placing agency, licensing staff review the lists to ensure there is not an ownership match on the lists with the applicant for licensure. If there is a match, the licensure process is



ceased and a written notification is sent to the applicant that they are prohibited from licensure for the specified time period.

The Division of Medical Assistance, Provider Enrollment, receives documentation for provider sanctions from the Division of Facility Services and Social Services. When providers subject to Senate Bill 163 apply to enroll into the Medicaid program, their record is checked against the sanction lists and enrollment is denied if the names of any owners appear on the sanction list.

While it is recognized that this system is far from ideal, it is an inexpensive solution to the management of a limited amount of records. It is anticipated that this process will continue until an automated system can be developed.

#### Facility Oversight and Monitoring Quality of Care and Rules Development

The Department of Health and Human Services has developed rules to support the monitoring and oversight of facilities. These rules will:

- Provide the MH/DD/SA authority or Mental Health Area Program with the authority to resolve and investigate complaints at the local level within their catchment areas. Serious complaints and enforcement actions will still be controlled at the State level by DFS for G.S. 122C licensed providers and by DMH/DD/SAS for unlicensed providers.
- Require child-placing agencies and residential childcare facilities to report critical incident information to the mental health area MH/DD/SA authority or county program where the services are being provided.

The public will be notified of the proposed rules and a public hearing is scheduled for May 7, 2003 to receive comments. It is anticipated that temporary rules will be in place on July 1, 2003.

#### Provider/Facility Tracking and Reporting

The system subcommittee for facility oversight reviewed current systems and found that facility licensure and provider information is kept on multiple systems specific to each division's business need. SB 163 has identified the need for sharing of data across systems and divisions. To that end, the systems subcommittee developed both short and long term solutions. These are detailed in the Technological Support and Associated Cost section of this report.

## **Additional Steering Committee Actions**

Although these specific actions do not directly impact the development of a method of tracking children, the Steering Committee agreed that the work being completed within these areas should be recognized to fully comprehend the progress of SB163. The following is a summary of the legislation and the actions being undertaken by each area.

### Administrative Office of the Courts

The Steering Committee asked the Administrative Office of the Courts to develop an operational plan that works with the communications protocol regarding the placement of children. The following procedures have been implemented to address SB 163 Section 4.10:

*G.S. 7B-2503 reads as rewritten: Dispositional Alternatives for undisciplined juveniles.*

*The following alternative for disposition shall be available to the court exercising jurisdiction over a juvenile in out-of-home care under this section, the court shall also consider whether it is in the juvenile's best interest to remain in the juvenile's community of residence.*

The Administrative Office of the Courts ensures the following procedures. All district court judges receive training on the necessity of considering a juvenile's best interest whenever they make judgements. To help them make good decisions, every district court judge received information regarding the use and purpose of child and family teams. They have been specifically asked to request the recommendations of the child and family team whenever making placement decisions regarding a juvenile. If the juvenile does not have a child and family team, then the judge is asked to order that a child and family team convene to discuss development of a complete plan for the juvenile and his/her family. All new juvenile court judges receive training through the Institute of Government during which training they will be instructed to seek the guidance of child and family teams and "to consider whether it is in the juvenile's best interest to remain in the juvenile's community of residence."

### Department of Public Instruction

The Steering Committee asked the Department of Public Instruction to develop an operational plan regarding SB 163, Section 3:

*The State Board of Education shall provide for a local school administrative unit to request funds from the Group Homes Program for Children with Disabilities if a child assigned to that unit was not in that unit's April head count for exceptional children for the previous school year, even if the local school administrative unit received Group Homes Program funds for that child for a portion of the preceding school year.*

The Department of Public Instruction has reviewed language of SB163 and has recommended changes to clarify the requirements as they relate to the population of children and the transfer of school funding across local education authorities.

The Department of Public Instruction has worked with the State Collaborative to insure that the needs of the local schools were taken into account. The improvement of communication of student transfers coupled with new technology scheduled for implementation this summer will position DPI with the proper tools to transfer local school funding when appropriate.

## Technological Support and Associated Cost

This section details technological solutions and the associated costs relating to the implementation of SB 163 in the following areas: 1) the development of a child placement reporting system; and, 2) the development of a provider tracking system. The child placement reporting system will enable stakeholders to identify and report on all children placed outside of their family unit into group homes or therapeutic foster care home settings. The provider tracking system will be a web accessible database of all group home providers and therapeutic foster care providers with violations and state operating licenses that have been revoked, summarily suspended or downgraded to provisional status. To implement these systems, the committee determined that the optimum approach involves a combination of short term and long term strategies. Under this approach, the following table illustrates projected implementation costs. Additional detail regarding system development costs are provided later.

<b>Summary of System Development Costs to Implement Requirements of SB 163</b>			
<b>System Name</b>	<b>One-Time Development Cost</b>	<b>Recurring Operation Cost</b>	<b>Total</b>
Child Placement Reporting System	\$841,600	\$129,600	\$971,200.00
Provider Tracking	\$145,000	\$30,000	\$175,000.00
Total	\$986,600.00	\$159,600.00	\$1,146,200.00

Currently, a number of State agencies perform routine licensure, monitoring and funding activities related to children, group homes and therapeutic foster care home settings. The quickest, most efficient and least expensive way to begin implementing the provisions of SB 163 is to modify and use existing reporting functions by the affected agencies. Divisions and agencies will exchange hard copies of information that meet bill requirements and individually report their data elements to a centralized collection point. The centralized collection office would collate and archive the data that would then be accessible to stakeholders.

### Child Placement

The short-term child placement reporting approach would be predominantly a manual process. It is recognized that some degree of duplication may occur with this approach. Further, without the inherent efficiencies associated with a computerized system, collation, analysis and reporting of data will not occur as quickly as with a computerized approach. However, a benefit of the short-term approach is relatively quick implementation of reporting requirements without incurring systems development charges.

The long term approach will combine the modification of current computer processes and the development of new computerized processes in order to collect, analyze and report on collected data elements. Under this approach, all systems within the Department of Health and Human Services that have child placement (clients) information would use the Common Name Data Service (CNDS) to uniquely identify the children. On a scheduled basis, DHHS would send data to the Client Services Data Warehouse (CSDW). Additionally, the Department of Public

Instruction's NCWISE program and the Division of Juvenile Justice and Delinquency Prevention program would send child placement data into the CSDW. The CSDW would then match the clients from the three departments and store the data in a single repository. This warehouse would then be able to create reports and run queries against the data.

Systems Development costs associated with the child placement reporting system is as follows:

<b>CHILD PLACEMENT REPORTING SYSTEM</b>		
Note: Every effort has been made to present an accurate estimate of costs. The estimate of costs is based on business requirements, as they are known today. If the business requirements or other development variables are modified, the estimate will need to be adjusted.		
<b>Business Requirements</b>	<b>Estimated Development Time Frame</b>	<b>Estimated Cost:</b>
DSS Child Placement & Payment use Common Name Data Service (CNDS)	28 weeks	\$ 225,000
Training DSS staff on use of CNDS screens	6 weeks	\$ 24,000
DMH Hearts System use CNDS	18 weeks	\$ 150,000
MMIS File Creation	4 weeks	\$ 20,000
DSS File Creation	2 weeks	\$ 8,000
DPI File Creation	1 week	\$ 2,000
DJJ File Creation	2 weeks	\$ 5,000
CSDW Matching Process (3 FTE)	16 Weeks	\$ 192,000
CSDW Report Creation (2 FTE)	8 Weeks	\$ 64,000
Hardware Cost/Upgrade Cost		\$ 10,000
Data Storage Cost (est. 1 terabyte)		\$ 10,000
ITS Operations Cost		\$ 50,000
Resources to resolve matching questions (1/4 FTE) *	1 week/month	\$ 9,600
Train Users on Report and Queries	6 Weeks	\$ 24,000
Maintenance & Operation Cost (1/4 FTE on Business side and ¼ FTE on Systems side)	1 week/month	\$ 48,000
<b>ONE TIME COST TOTAL:</b>		<b>\$ 841,600</b>

\* The initial clean up of mismatched clients will require a large amount of time.

<b>CHILD PLACEMENT REPORTING SYSTEM</b>		
Note: Every effort has been made to present an accurate estimate of costs. The estimate of costs is based on business requirements, as they are known today. If the business requirements or other development variables are modified, the estimate will need to be adjusted.		
<b>Business Requirements</b>	<b>Estimated Development Time Frame</b>	<b>Estimated Cost:</b>
Refresh Training Classes	4 weeks/year	\$ 12,000
Data Storage Cost - (EST 1 terabyte)		\$ 10,000
ITS Operations Cost		\$ 50,000
Resources to resolve matching questions (1/4 FTE) *	1 week/month	\$ 9,600
Maintenance & Operation Cost (1/4 FTE on Business side and 1/4 FTE on Systems side)	1 week/month	\$ 48,000
<b>Yearly Recurring Cost Total:</b>		<b>\$ 129,600</b>

\* The initial clean up of mismatched clients will require a large amount of time.

### Monitoring Providers/Facilities

The following summary details the systems development costs associated with a database of providers that have violations, licenses revoked, summarily suspended or downgraded to provisional status.

The short-term approach for a provider tracking system involves modifications to existing provider tracking systems. The existing Master Facility File (MFF) and the existing long-term Care Initiative (LTI) systems would be modified to feed a centralized provider database. This database would be accessible to all stakeholders that need the information and would provide the read or update access that is required. This system would be web accessible for the users. The application would consist of at least two layers, an application layer and a data layer. The application layer would use a modern web technology such as .NET or Java. The data layer would use an available relational database management system such as DB2, Oracle, SQL Server, etc.

Systems Development costs associated with the provider tracking system are as follows:

<b>PROVIDER TRACKING SYSTEM</b>		
Note: Every effort has been made to present an accurate estimate of costs. The estimate of costs is based on business requirements, as they are known today. If the business requirements or other development variables are modified, the estimate will need to be adjusted.		
<b>Business Requirements</b>	<b>Estimated Development Time Frame</b>	<b>Estimated Cost:</b>
Create Development Environment	2 weeks	\$ 6,000
Hardware and Software Cost		\$ 30,000
Create export file from MFF	2 weeks	\$ 8,000
Define Requirements	3 weeks	\$ 15,000
Build/Test Application	8 weeks	\$ 40,000
User Acceptance Testing	3 weeks	\$ 10,000
Build Security Access levels	1 week	\$ 3,000
Train Users	6 weeks	\$ 18,000
Roll Out Application to Production	1 week	\$ 3,000
Post Production Support	4 weeks	\$ 12,000
<b>One Time Cost Total:</b>		<b>\$ 145,000</b>

<b>PROVIDER TRACKING SYSTEM</b>		
Note: Every effort has been made to present an accurate estimate of costs. The estimate of costs is based on business requirements, as they are known today. If the business requirements or other development variables are modified, the estimate will need to be adjusted.		
<b>Business Requirements</b>	<b>Estimated Development Time Frame</b>	<b>Estimated Cost:</b>
Hosting Application	\$ 1,000/month	\$ 12,000
Maintenance Cost	20 hours/month	\$ 18,000
<b>Yearly Recurring Cost Total:</b>		<b>\$ 30,000</b>

The long-term approach for a provider tracking system involves the creation of a new department wide provider solution that holds a comprehensive list of vendors and all relevant information about them. This would involve the development a Common Provider Name Service (CPNS); similar to the Common Name Data Service (CNDS) such that multiple systems could utilize the service to uniquely identify providers. This system would be web accessible and written in modular format so that it can be called from other DHHS systems. It is anticipated that the development of a new system that is unique to the requirements of SB 163 would have advantages over modifying existing systems including system longevity and connectivity with other systems associated with newer software. However, development of a new system would be a more costly alternative and would involve delayed implementation of bill requirements due to system development time. Considering these and budget factors, the committee determined that creation of a new Department Wide Provider solution was not the most effective alternative at this time.